

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EB-11 COME-00 TRSE-00 OMB-01 AGR-20

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SUBJECT: US BUSINESS VISITORS TO PEKING

REF: PEKING 1384

FOLLOWING IS A SUMMARY OF THE ACTIVITIES OF AMERICAN
AND AMERICAN AFFILIATED FIRMS IN PEKING SINCE OUR LAST
MESSAGE (REFTEL) ON THIS SUBJECT A WEEK AGO.

1. ALKINCO - JULIUS KLUGMAN, PRESIDENT OF THIS BRISTLES
IMPORTING FIRM, VISITED CHINA FROM AUGUST 7 TO 21 AT
THE INVITATION OF THE CHINA NATIONAL NATIVE PRODUCTS AND
ANIMAL BY-PRODUCTS CORPORATION. IN ADDITION TO BUSINESS
DISCUSSIONS IN PEKING, KLUGMAN VISITED FINE HAIR PROCESSING
FACTORIES IN TIENTSIN AND BRISTLES AND BRUSH
FACTORIES IN SHANGHAI. WHILE MUCH OF KLUGMAN'S TIME WAS
TAKEN UP WITH ADVISING THE CHINESE ON HOW TO UPGRADE
PRODUCTION IN BRISTLES AND FINE HAIRS, HE DID SIGN
CONTRACTS WORTH DOLS 50-100 THOUSAND FOR FINE HAIRS, AND
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REACHED PRELIMINARY AGREEMENT ON A ONE YEAR AGENCY

ARRANGEMENT UNDER WHICH ALKINCO WOULD HAVE EXCLUSIVE DISTRIBUTION RIGHTS FOR CERTAIN CHINESE BRISTLES IN THE U.S. MARKET. COMMENTING ON THE FACTORIES HE VISITED, KLUGMAN INDICATED THAT THEY WERE BACKWARD IN TIENTSIN, BUT VERY ADVANCED IN SHANGHAI WHERE THEY USED INDIGENOUS "RUBE GOLDBERG" TYPE MACHINES, MANY OF WHICH COULD OUT-PRODUCE THE MORE SOPHISTACATED EQUIPMENT USED IN OTHER COUNTRIES.

2. CONTROL DATA CORPORATION - THE REPRESENTATIVE OF CDC (FRANCE), AFTER HIS FIRST VISIT TO USLO (REFTEL), DID NOT COME IN TO SEE US AGAIN BEFORE HE LEFT PEKING. HOWEVER, WE ARE INFORMED BY THE FRENCH COMMERCIAL COUNSELOR THAT A CONTRACT WAS SIGNED ON JUNE 14 FOR THE SALE OF A COMPUTER AND RELATED EQUIPMENT TO PROCESS SEISMIC DATA FOR OIL EXPLORATION. CONSUMATION OF THE DEAL WILL DEPEND ON WHETHER AN EXPORT LICENSE CAN BE OBTAINED.

3. BAKER TRADING COMPANY - RAY PACE, PRESIDENT OF THIS HOUSTON FIRM, HAS RETURNED TO PEKING WITH FOUR BAKER REPRESENTATIVES FOR ANOTHER ROUND OF TALKS ON VARIOUS TYPES OF PETROLEUM EQUIPMENT AND TECHNOLOGY. ACCORDING TO PACE (WHO MADE SOME SALES LAST WINTER), THE CHINESE, AT THE SPRING CANTON FAIR, WOULD ONLY SAY THAT HIS VARIOUS PROPOSALS WERE BEING ACTIVELY CONSIDERED. NOW THEY APPEAR TO HAVE MADE SOME DECISIONS, AND HE IS OPTIMISTIC THAT SOME CONTRACTS WILL BE SIGNED BEFORE HE LEAVES. UNDER DISCUSSION ARE EQUIPMENT FOR COMPLETION OF WELLS, SECONDARY RECOVERY, ARTIFICIAL LIFT, AND TESTING. (PACE NOTED A DEVELOPMENT OF CHINESE INTERESTS. WHEN BAKER FIRST STARTED DISCUSSIONS WITH THE CHINESE LAST YEAR, THEY WERE PRIMARILY INTERESTED IN INCREASING OUTPUT OF EXISTING WELLS WHEREAS THEIR INTEREST NOW IS PRIMARILY IN EQUIPMENT AND TECHNOLOGY FOR NEW WELLS. ALSO, HE SAID, THE CHINESE HAVE BECOME PROGRESSIVELY MORE INTERESTED IN OBTAINING INFORMATION ABOUT OFF-SHORE TECHNOLOGY AND EQUIPMENT.)

4. CHROMALLOY AMERICAN CORPORATION - ANGELO PEZZANI OF CHROMALLY (REFTEL) PROVIDED US WITH A FURTHER REPORT ON HIS MEETINGS WITH VARIOUS CHINESE FOREIGN TRADE CORPORATION LIMITED OFFICIAL USE

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OFFICIALS. HIGHLIGHTS INCLUDE A CHINESE REQUEST FOR PROPOSALS ON STEEL FOUNDRIES FROM CHROMALLOY-KESSLER, AND A REQUEST FOR A PROPOSAL FROM CHROMALLY'S SWISS SUBSIDIARY ALBE LTD. FOR A FACTORY TO PRODUCE NYLON TIP (FLAIR TYPE) PENS. THE COST OF THE PEN FACTORY WOULD BE ABOUT DOLS 2 MILLION. AN INTERESTING ANECDOTE IS THAT AT THE RECENTLY CONCLUDED SWISS EXHIBITION, BOTH THE CHINESE AND THE NORTH KOREANS (WHOM THE CHINESE BROUGHT TO THE

EXHIBIT) WANTED TO BUY THE BALL POINT PEN MACHINERY ALBE HAD ON DISPLAY; THE MATTER WAS SETTLED WHEN THE CHINESE INSISTED THEY HAD PRIOR CLAIM BECAUSE THE EXHIBIT WAS HELD IN PEKING.

5. 3M(EAST)AG - JOHN MARSHALL OF THIS SWISS-BASED BRANCH OF THE US FIRM (REFTEL) GAVE USLO OFFICERS A RUN-DOWN OF HIS MEETINGS IN PEKING WITH CHINESE TRADE CORPORATION REPRESENTATIVES. HE MADE SALES PRESENTATIONS TO THE LIGHT INDISTRY, METALS AND MINERALS, CHEMICALS, AND MACHINERY CORPORATIONS ON A BROAD RANGE OF 3M PRODUCTS, AND ALSO DISCUSSED POSSIBLE 3M PURCHASES OF VARIOUS MATERIALS (PARTICULARLY ANTIMONY TRIOXIDE) FROM CHINA. MARSHALL, WHO LEFT VERY SATISFIED WITH THE CONTACTS HE MADE IN PEKING, SAID HE WOULD CALL AT CONGEN HONG KONG LATER THIS WEEK.

6. OXY METAL INDUSTRIES (INTERNATIONAL) S.A. (A SUBSIDIARY OF "OCCIDENTAL PETROLEUM") - HARRY GREENWOOD, MARKETING DIRECTOR OF OXY, A FIRM THAT WAS REPRESENTED AT THE SWISS EXHIBITION AND WHICH HAS BEEN INVOLVED IN SOME FERTILIZER SALES TO CHINA, PAID A COURTESY CALL AT USLO. IT DID NOT APPEAR THAT GREENWOOD WAS PUSHING OTHER OCCIDENTAL PETROLEUM INTERESTS DURING HIS PEKING VISIT.

7. ITEMS 1 THROUGH 4 ABOVE SHOULD BE TREATED AS COMMERCIALY SENSITIVE.

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